

Master Index for Unit Cost

The Master Index is one tool used to compare CAOs' Unit Costs. The Master Index for each CAO quantifies, as a single percentage number, how different the CAO's Unit Costs are, given its unique workload, from DCMC Unburdened Unit Costs. Separate calculations are made for DCMC Plant and geographic offices.

The Master Index calculation starts with developing a weighted, unburdened DCMC Unit Cost for each pool (Column B in the example shown below). Weighted means that the DCMC Unit Cost is not a simple average of individual CAO Unit Costs. Rather the Unburdened DCMC Unit Cost for Geographic CAOs is computed by dividing the total of all Geographic CAO costs in a pool by the total of all Geographic CAO work units in that pool. The term 'unburdened' reflects the fact that no District or DCMC Headquarters costs are included.

The CAO's Work Units (Col C) and the Total Pool Costs (Col D) are taken directly from the Unit Cost Report. The Standard pool cost (Col E) for each CAO is calculated by multiplying the Unburdened DCMC pool Unit Cost (Col B) times the number of work units (Col C) in the pool for that CAO. The Pool Cost variance (Col F) is derived by subtracting the Standard Pool Cost (Col E) from the CAO Pool Cost (Col D).

The Standard Pool Costs (Col E) and the CAO Cost Variance (Col F) are summed for all pools. The Master Index is produced by dividing the total CAO cost variances (-\$253,837 in the example below) by the total Standard Costs (\$8,389,887). In the example, DCMC Boston accomplished its workload for 3.03% fewer dollars than would be required if the DCMC unburdened Unit Costs were applied. Thus all CAOs are held up to a common yardstick (unburdened DCMC Unit Costs) applied to its unique workload.

By comparing Master Index values for all Geographic (or Plant) CAOs, DCMC can draw conclusions about CAO total cost differences without becoming sidetracked examining specific cost pools with extreme Unit Costs and little workload (and thus little overall cost impact).

Col A	Col B	Col C	Col D	Col E	Col F
Cost Pools	Unburdened DCMC Unit Cost	Boston Units	Boston Total Pool Cost	Standard Pool Cost	Boston Cost Variance
1A. SysAcq	\$608.58	791	518,899	481,180	37,719
1B. R&D	\$282.85	2,969	\$723,379	\$839,782	-\$116,403
1C. Maint & Fac	\$516.66	403	\$61,970	\$208,214	-\$146,244
1D. Service	\$91.67	4,625	\$296,068	\$423,974	-\$127,905
1E. Supply	\$164.54	16,351	\$3,421,430	\$2,690,394	\$731,036
1F. Subs & Dels	\$53.81	3,956	\$189,063	\$212,886	-\$23,823
2. Precontract	\$1,168.47	180	\$74,367	\$210,325	-\$135,958
3. Mand Audits	\$48.13	5,749	\$234,903	\$276,687	-\$41,784
4. System Revs	\$44.16	9,053	\$369,510	\$399,780	-\$30,271
5. CCAS	\$54.36	1	\$805	\$27	\$778
6A. Service Supt	\$12.67	143,748	\$1,658,538	\$1,821,287	-\$162,749
6B. Org Supt	\$4.57	143,748	\$429,444	\$656,928	-\$227,485
7. Reimb.	\$43.38	3,883	\$157,675	\$168,423	-\$10,748
CAO Totals				\$8,389,887	-\$253,837
Master Index					-3.03%